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THIEN-KIM PHAM

*by* Roy Malone

## Budget cuts, no matter how you slice them, mean somebody is usually left bleeding. In this story, Roy Malone of Marshall Space Flight Center explains how he dealt with cuts at the Logistics Department where he managed

IT WAS A CLASSIC CASE OF DENIAL. I DIDN'T WANT TO believe my budget was being cut by 12 percent. I didn't want to believe I had to lay off people.

I had gone to my boss to try and make a case for why I needed the money, and she said, "Sorry, Roy, but the Center's budget has been reduced, and you have to figure out a way to work through these new budget challenges." I went to the Chief Financial Officer to make a case, and heard the same thing. After about a month of trying to figure out ways to get around it, I finally had to accept the fact that these cuts were real. I would have to cut \$1.1 million out of my \$9.3 million budget.

Part of the reason I struggled with this situation was because I had gone through a big downsizing myself when I was a government contractor about ten years earlier. I didn't get laid off, but it made me feel like the government didn't care about people, and as a contractor I saw how productivity went down after the cuts were made.

Back then, they got everybody together in a big room and handed us all a pre-labeled envelope. We took our envelopes back up to our cubicles to open them. Inside, a note said, "Thank you for your services, but they're no longer required," or "Thank you for your services; we'd like to continue to use them." After we had read our notes, we began peeking our heads over the

dividers to ask people in the cubicles around us, "Hey, buddy, what'd you get?" It was that kind of thing, just terrible. I didn't want to put the contractors who worked for me through a similar scenario.

So now the shoe was on the other foot, as they say. I was department manager for logistics services at Marshall Space Flight Center (MSFC), and I had contractors for whom I was responsible. These were the people who manned warehouses, stored material for the projects and moved furniture around the Center. These were taxi drivers and bus drivers. These were people who fixed lab equipment and who procured flight hardware for programs and projects.

I didn't treat them any differently than I treated my civil servants. Since taking over the Logistics Services Department, I had dedicated myself to making the contractor a full member of the organizational team. I spent time going out to visit with these guys. I went around to the locations where they worked and shook hands with them. I included them in the Logistics Services Employee of the Quarter program. I took the truck drivers out to lunch and talked with them about what was going on, and I took action on their input.

This was going to be hard, very hard, for me. I didn't enjoy the taste of biting this bullet.

## Food for thought

Around this time, February 2002, I headed out of town for the NASA Masters Forum, sponsored by the Academy of Program and Project Leadership. The Forum is where the best of the best project managers in NASA and industry get together for a couple of days of knowledge sharing, and this one came at a particularly good time, providing me with a welcome distraction from the budget cut. The first night's speaker was an Air Force program director, Judy Stokley, who told a story about how she had implemented a number of reforms on one of her programs with remarkable results, including a painful downsizing of contractor personnel and civil servants.

What inspired me about this was that she took a "humanitarian" approach. She partnered with the contractor to figure out how to minimize the impact on people. She didn't release them all at once, for example, but gave them time to find other jobs. She talked about how she met with all the employees in an open forum and answered questions about why this was happening and what was going on. The thing that struck me was she got personally involved. When I was a contractor and we had our big downsizing, the government just told the contractor to go work it out. In Judy's case, it was apparent that the government cared about what happened to the people who would lose their jobs.

I didn't know if I could do the same thing in my case, but it gave me food for thought. When I got back home, I came up with a plan. If I could apply some of the things that I learned from Judy and leverage the Marshall Space Flight Center Values in my decisions, I would be successful in this painful process.

## Inspiration realized

The first thing I did was put into action the MSFC values of "teamwork," "innovation" and "people." I met with the contractor to talk about innovative approaches to the reductions. We sat down together to see if we could find money from other places, non-people areas, so that we could reduce the number of people we would have to lay off. For instance, we were able to turn some vehicles in that we didn't need. I also challenged the contractor to be a little bit more careful with the supplies, materials and repair parts money. Instead of having three additional sets of belts on hand for a vehicle, maybe they

could get by with only two. Maybe they didn't need to reorder as soon.

One of the ground rules that we established up front was the importance of continuing to provide products and services in an excellent manner so that we minimized the impact of the downsizing on our customers—in keeping with the MSFC values of "customers" and "excellence."

The way I look at it, you jeopardize your credibility as a manager if you're not open with folks, so I went public about the cuts we were facing. A lot of people thought I was crazy. They believe that once you announce layoffs, you should get the people out the door immediately so that you reduce the amount of mischief that can happen. Judy Stokley announced her reductions six months in advance; people had six months with a paycheck to find other jobs. I didn't have six months, but I was able to give my contractor a three-month warning.

I really believed that this approach was in keeping with center values to treat other people with dignity and respect, but I needed to strike a balance between the "people" value and the "customer" value. You take a chance when you give notice about a reduction in force. You run the risk of everybody getting agitated

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and their work performance going down. When people are worried about their jobs, it's hard to come to work and give 100 percent. The longer you string it out, the more worried and upset people are going to be. Maybe the good people will leave, and only the least effective ones will remain. These were legitimate concerns, but it seemed to me there was a way to treat workers fairly at the same time that I reduced the potential impact to our customers.

Here I borrowed from Judy and the MSFC values again. Judy held monthly forums, where she met with her entire team for "no holds barred" question-and-answer sessions. Like Judy, I had people who were angry, and I allowed them to vent in these meetings. They saw furniture arriving, brand new furniture. How come the Center had money to buy new furniture, but not enough

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to pay the people who receive and deliver it? That was one of the questions that I got. They wanted to know why we were building a new recreation facility for our civil servants and contractors. Why in the world would we build something like that when we were laying off people?

I had to do a lot of educating about how money came to the Center. Some money comes directly from Headquarters and goes to programs and projects, I explained. Money to pay the salaries of contractors comes out of a different pot.

I made myself available on four separate occasions to meet with them, and I didn't refuse any questions. For the most part, I was able to explain just about every one of their questions. I was completely upfront with them about the money I had to work with, and I explained to them all the things that I was trying to do. The bottom line is that I was sincere. When I addressed them, I said I was worried about every one of them. I knew they had families to support. I knew they had bills to pay. I told them that I was doing everything in my power to minimize the impact on their lives.

They saw that I was concerned and that I cared about them. They didn't blame me personally for the budget cuts, but they would have been furious to know I was concealing something from them. What they wanted from me was honesty, and that's what I gave them. I think it helped that I used to be a contractor. I knew to a certain extent how they felt, since I had gone through one of these reductions myself, and I really did care about these people. That's the truth, and that helped all of us get through the budget cuts with the least amount of damage to the contractors, to me and to the agency.

In the end, the impact from announcing the layoffs early was minimal compared to what most people thought would happen. The ones who stayed on continued to be productive. They felt that they were treated fairly, and they saw I wasn't trying to work this all by myself. I welcomed their input and encouraged their partnership. In the short term I may have taken a risk in being candid about the budget cuts, but in the long run I believe it was the right thing to do for everyone. With a balanced take on my Center's values, I was able to treat people with dignity at the same time that I maintained excellence of service and kept my customers satisfied. •

## LESSONS

- Knowledge is recyclable. Organizations benefit when experienced practitioners share their stories liberally and the right people hear them.
- Be honest with your team about bad news. A lack of integrity makes a bad situation worse.
- Manage through your organizational values. They are just not a concept that you post on the wall. If used when making tough decisions, they can act as guideposts in your road to success.

## QUESTION

*Time is the most precious resource a manager has. What types of situations merit expending additional effort to enhance the probability of a long-term benefit?*



## From the ASK ARCHIVES...

My new job looked great on paper, head of logistics services at Marshall Space Flight Center, but I had to wonder when I arrived if they expected me to manage an office or perform miracle cures. Morale was so low I felt like I needed a life support system to keep it from expiring altogether.

To emphasize that we were starting out fresh, I did something they had never done before at Marshall. I implemented a departmental Employee-of-the-Quarter program for people to see that doing good work would be rewarded. We did it the McDonald's way, putting a plaque

up in the office and adding the names. People also got their picture on the wall, a certificate and lunch on me.

Our Employee-of-the-Quarter program was so successful that I expanded it to include contractors. My thinking all along has been to involve everyone in the reforms, and that includes the contractors as well as the civil servants.

Getting extraordinary things done in an organization is hard work. Leaders have to recognize contributions to the effort or they will never motivate people to perform.

—Roy Malone, ASK Magazine, Issue 2